YOUR NEW HOME
WORKMANSHIP, SYSTEMS AND
STRUCTURAL WARRANTY
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SECTION I. YOUR WARRANTY BOOKLET AND CERTIFICATE OF PARTICIPATION.
This booklet and the Certificate of Participation are very important legal documents that fully define the provisions of Your Builder/Seller's express limited warranty, Your rights and Your Builder/Seller's rights and obligations. Therefore, it is important to keep this booklet and the Certificate of Participation with other legal documents that are important to You.

Your warranty is not a policy of insurance, a maintenance agreement or a service contract. If You have a mortgage on Your Home, Your lender may insist that You have a Homeowners’ insurance policy. This warranty is not a Homeowners' insurance policy and it will not satisfy the lender’s requirement.

This warranty is independent of the contract between You and Builder/Seller for the construction and/or sale of the Home. The provisions of this warranty may not be changed or restricted by Your Builder/Seller or by any other person. If any provision of this warranty is found to be unenforceable, the remaining provisions will remain in full force and effect.

New Home Warranties in the state of New Jersey are governed by “The New Home Warranty and Builders Registration Act” (P.L. 1977, c.467) and the “Regulations Governing New Home Warranties and Builders’ registration” (N.J.A.C. 5:25 1.1 et.seq.). For further information on New Home warranties and Homeowner rights in New Jersey, please visit the New Jersey Department of Community Affairs website: http://www.nj.gov/dca/codes/newhome_warranty/consumer_info.shtml call 609-633-6366.

A. TRANSFERRING YOUR BUILDER/SELLER’S EXPRESS LIMITED WARRANTY.
If You sell Your Home during the term of the express limited warranty, this warranty can be transferred to the next owner, and any subsequent owners. This means all of Your rights and obligations under this warranty, up to the remaining amount of the Warranty Limit, will transfer to each purchaser of Your Home or any person who otherwise obtains title to Your Home, including any mortgagee in possession, for the remaining term of the warranty.

When You sell Your Home, You agree to give this warranty booklet and the Certificate of Participation to Your buyer in order to make it possible for the buyer to understand his or her rights and fulfill his or her obligations under the provisions of this express limited warranty.

If You are a successive owner of the Home, You may benefit from the coverage provided by this express limited warranty, but in return You are bound by all of the terms and conditions of this warranty including but not limited to the procedures that must be followed to make a claim and the obligation to participate in arbitration as set out in this warranty. THE HOMEOWNER MUST GIVE SUCCESSOR HOMEOWNERS A COPY OF THE CERTIFICATE OF PARTICIPATION (HBW 202 COP NHJ).

B. WORDS WITH SPECIAL MEANINGS.
Generally speaking, the words used in this warranty have their normal everyday meaning. In some cases, however, a word will be used as shorthand to describe specifically one of the key provisions contained in this express limited warranty. In those cases, the words will be capitalized, and the capitalized word will always have the same special meaning.

Most defined terms are described in this section, however, other sections of this warranty booklet may contain other defined terms. The words being given a special meaning in this section are as follows:

“Builder/Seller” means the Home Builder/Seller listed on the Certificate of Participation, and is the person or company providing You with this express limited warranty.

“Certificate of Participation” is the document issued by 2-10 HBW confirming that Your Builder/Seller took all steps required to make the express limited warranty on Your Home effective.

“Common Element” means any portion of a Multi-Family Building which is defined as a Common Element in either common interest ownership laws or in the declaration establishing such community. Unless excluded in Section VIII, Common Elements may include, without limitation, hallways, roofs, exterior finishes, and electrical, plumbing, and mechanical distribution systems.

“Common Element Effective Date of Warranty” means the earlier of the date a certificate of occupancy is issued for the Multi-Family Building or the date a unit in the building is first occupied.

“Commercial Space” means any unit within a Multi-Family Building that is used primarily for a non-residential purpose, including, without limitation, club houses, retail space, and recreational facilities.

“Construction Performance Standards” mean the performance standard(s) the Home or element or component must satisfy.
“Defect” means a failure to meet the **Construction Performance Standards** for workmanship and systems set forth in Section X of this warranty booklet.

“Effective Date of Warranty” means the date the express limited warranty goes into effect. That date will be the earliest of: (1) date of first occupancy, or (2) the date title to the Home was transferred to You if title was transferred before Your closing date.

**Homes With FHA/VA Financing Only** – If Your Certificate of Warranty indicates Your Home has FHA/VA financing, the **Effective Date of Warranty** is the date of closing.

“Home” means the dwelling unit and garage (if any) or the **Commercial Space** (if any) located at the address shown on the Certificate of Participation.

“Major Structural Defect” is defined in Section IIB of this warranty booklet.

“Multi-Family Building” is a building in a common interest community that may consist of dwelling units, shared parking spaces, **Commercial Space**(s) and/or **Common Elements**.

“You”, “Your”, and similar words means the person or persons who are the legal owners of the Home covered by this express limited warranty.

“Warranty Insurer” is the **Builder/Seller’s Warranty Insurer** as stated on Your Certificate of Participation.

“Warranty Limit” is the aggregate financial obligation of the **Builder/Seller** and/or the **Warranty Insurer** for all claims under this warranty and is the sum stated on the Certificate of Participation.

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**SECTION II. THE WARRANTIES PROVIDED BY YOUR BUILDER/SELLER.**

**A. ONE YEAR WORKMANSHIP AND TWO YEAR SYSTEMS DEFECT WARRANTY.**

Your Builder/Seller is providing a One Year Workmanship and Two Year Systems Defect Warranty for Your Home, and the **Common Elements** for a Home located in a Multi-Family Building. This means that Your Home will be free from Defects in materials and workmanship for one year as defined in the Construction Performance Standards in Section X; and for two years Your Home will be free from Defects in the electrical, plumbing, and mechanical distribution system as stated in Section X. The Workmanship warranty shall expire one year from the Effective Date of Warranty; and the Systems Warranty will expire two years from the Effective Date of Warranty. Pre-existing conditions such as “walk through” or “punch list” items are only covered to the extent that they qualify in accordance with the Construction Performance Standards.

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**WORKMANSHIP**

Examples of items typically covered under the one year workmanship warranty.
B. STRUCTURAL DEFECT WARRANTY.

Your Builder/Seller is providing a Major Structural Defect warranty. This means that the Builder/ Seller warrants that Your Home and Common Elements, if Your Home is located in a Multi-Family Building, will be free from Major Structural Defects from the Effective Date of Warranty for ten years.

1. Major Structural Defect is defined as actual damage to the load-bearing elements of the Home, including consequential damages, damages due to subsidence, expansion or lateral movement of the soil (excluding movement cause by flood or earthquake) that affects their load-bearing function and that vitally affects or is imminently likely to vitally affect the use of the Home for residential purposes. The load-bearing portion of a Home is defined as the framing members and structural elements that transmit both dead and live loads of the Home to the supporting ground. Examples of load bearing elements are: roof rafters and trusses, ceiling and floor joists, bearing partitions, supporting beams, columns, basement and foundation walls, and footings.

2. A structural failure will not be considered a defect until it has been established by the Warranty Insurer under the Uniform Construction Code in effect on the date that the Construction Permit under which the new Home was constructed was issued, as an actual or pending structural failure of some part of the load-bearing portion of the Home as defined above. To be eligible, such defect does not have to render the Home inhabitable; however, it must be of such a serious nature that it vitally affects the use of the Home for residential purposes.

Non-exclusive lists of elements of Your Home that are not load-bearing elements under this Major Structural Defect warranty include:

1. Non-load-bearing partitions and walls;
2. Wall tile or paper, etc.;
3. Drywall and plaster;
4. Flooring and sub-flooring material;
5. Stucco, brick and stone veneer;
6. Any type of exterior siding;
7. Roof shingles, roof tiles, sheathing, and tar paper;
8. Heating, cooling, ventilating, plumbing, electrical and mechanical systems;
9. Appliances, fixtures or items of equipment;
10. Doors, trim, cabinets, hardware, insulation, paint, stains; and
11. Basement and other interior floating, ground-supported concrete slab

Homes With FHA/VA Financing Only – If Your Certificate of Participation indicates Your Home has FHA/VA financing, add the following to the definition of designated load-bearing elements that are covered:
12. Roof sheathing only if Your Home has original FHA/VA financing still in effect

SECTION III. THE OPTION TO REPAIR, REPLACE OR PAY FOR DEFECT AND/OR STRUCTURAL DEFECT.

A. PROVISIONS APPLICABLE TO DEFECT AND/OR STRUCTURAL DEFECT.
The Builder/Seller shall have the option to repair, replace or pay You the reasonable cost of repair for any Defect. If the Builder/Seller fails to perform his warranty obligations, the Warranty Insurer will assume the obligations and rights of the Builder/Seller with respect to qualifying Defects. The Warranty Insurer shall have the option to repair, replace or pay You the reasonable cost of repairing any Major Structural Defect. The design, method and manner of such repair will be with property of “like kind and quality” and will be within the sole discretion of the Builder/Seller or Warranty Insurer, as applicable. At the time of repair, replacement or payment for the repair of any Defect or Major Structural Defect, You must:
1. Assign to the Builder/Seller or Warranty Insurer any rights You may have against any other person with respect to the Defect or Major Structural Defect. You must not do anything to prejudice these rights of subrogation.
2. Upon completion of repairs, You agree to sign and deliver a full and unconditional release of the Builder/Seller and/or Warranty Insurer, in recordable form, of all legal obligations with respect to the warranted items and conditions arising from those items, subject to the homeowner’s right to a compliance arbitration.

If an improvement, fixture or property not constructed by the Builder/Seller is damaged or requires removal during the repair, it is Your sole responsibility, and not the responsibility of the Builder/Seller or Warranty Insurer, to pay for the cost of repair or removal of such improvement, fixture or property. No repair shall extend the term of this express limited warranty as to any Defect or Major Structural Defect, including without limitation, the Defect or Major Structural Defect that was the subject of the repair. The repair of Defects and Major Structural Defects will include payment of actual, reasonable shelter expenses during repairs if the Builder/Seller or Warranty Insurer finds relocation is necessary.

If the performance by the Builder/Seller or Warranty Insurer of any of its obligations hereunder is delayed by factors beyond its reasonable control, such as (but not limited to) acts of God, strikes, non-availability of materials, acts of government, civil commotions, etc., the Builder/Seller or Warranty Insurer will be excused from performing until the effects of such event are remedied.

Homes With FHA/VA Financing Only – In the case of cash payments regarding Homes with original FHA/VA financing still in effect, the Warranty Insurer is required to make payment to You and Your mortgagee. In order for these obligations to be performed, in filing a claim, You must provide the name and address of Your mortgagee, the FHA/VA case number and the loan number (Your HUD settlement statement will have this information) when You file a claim with respect to a Home with a FHA/VA financed mortgage.

B. ADDITIONAL PROVISIONS APPLICABLE TO THE REPAIR OF STRUCTURAL DEFECT.
The repair of a Structural Defect is limited to:
1. The repair of damage to designated load-bearing portions of the Home which is necessary to restore their load-bearing ability;
2. The repair of designated non-load-bearing portions, items or systems of the Home, damaged by the Major Structural Defect, which make the Home unsafe, unsanitary, or otherwise vitally affect the use of the Home for residential purposes (such as the repair of inoperable windows, doors and the restoration of functionality of damaged electrical, plumbing, heating, cooling, and ventilating systems); and
3. The repair and cosmetic correction of only those surfaces, finishes and coverings, original with the Home, damaged by the Major Structural Defect, or which require removal and replacement attendant to repair of the structural damage, or to repair other damage directly attributable to the Major Structural Defect.

Repairs of the Major Structural Defect are intended to restore the Home to approximately the condition just prior to the Major Structural Defect, but not necessarily to a like-new condition. Consequential damages to real property as a result of a Major Structural Defect or repair of such Defect are covered under this warranty; however, consequential damages to personal property are excluded. If the Warranty Insurer finds that the Home is a total loss, then the Warranty Insurer has the right to pay You the remaining Warranty Limits in full settlement of the claim.
C. ACCESS TO YOUR HOME FOR INSPECTING AND MAKING REPAIRS.
In order to carry out the warranty responsibilities, the Builder/Seller or Warranty Insurer will require access to Your Home during normal business hours to inspect, repair and conduct tests. By seeking warranty coverage You have granted access to Your Home to the Builder/Seller and the Warranty Insurer. If Your Home is in a Multi-Family Building, You agree (after reasonable notice) to allow access to, or within Your Home during normal business hours so repairs may be made to any adjacent unit or Common Element. If emergency repairs are necessary and You cannot be reached within a reasonable time period, You waive such notice. If You do not provide access to Your Home during normal business hours to inspect, repair, or conduct tests on Your Home as may be required to evaluate or repair a Defect or Major Structural Defect, You are relieving the Builder/Seller and Warranty Insurer of all responsibility to make repairs, replace or pay for any Defect or Major Structural Defect under this warranty.

In addition to the right to inspect Your Home, the Builder/Seller or Warranty Insurer shall have the right, in advance of any arbitration concerning Your Home, to re-inspect Your Home if the request for arbitration is made more than thirty (30) days after the last claim decision concerning the claim that is the subject of the arbitration.

D. THE LIMITS OF YOUR WARRANTY.
Every time Your Builder/Seller or Warranty Insurer pays a claim under this warranty, the amount of that payment is deducted from the Warranty Limit. When the Warranty Limit is exhausted, there is no longer warranty coverage for Your Home. A claim payment includes the cost to the Builder/Seller or Warranty Insurer of repairing a Defect or Major Structural Defect in Your Home covered under this warranty plus the costs to repair consequential damages and shelter expense. However, a claim payment does not include the cost of investigating the claim.

The Warranty Limit for Common Elements in a Multi-Family Building is equal to the sum of the Warranty Limits for all Homes in the building which are enrolled in the 2-10 HBW Program. In the event that all Homes in the Multi-Family Building were not enrolled, the Warranty Limit for Common Elements Defects or Common Elements Major Structural Defect coverage shall be reduced pro-rata based upon the ratio of the original sale price of the non-enrolled Homes compared to the total original sales price of all Homes in the Multi-Family Building. If the claim payment is for a Common Elements Defect or Common Elements Major Structural Defect, the Warranty Limit on each Home in the Multi-Family Building still covered shall be reduced pro-rata in the proportion which the Common Elements claim payment bears to the total original sales price of all enrolled Homes. Any coverage for Your Builder/Seller’s express limited warranty shall be excess of any other valid and collectible insurance available to You or Your Builder/Seller, whether primary, pro-rata or excess, and whether or not collected.

E. EMERGENCY REPAIRS.
An emergency means a substantial risk of serious physical damage to the Home or a substantial risk of serious bodily injury to its occupants if a Defect or Major Structural Defect is not immediately repaired. If You have an emergency involving a Defect or a Major Structural Defect, You must contact Your Builder/Seller and or the 2-10 HBW WARRANTY INSURER immediately, who is responsible for making emergency repairs or authorizing You to make emergency repairs. If You are unable to contact Your Builder/Seller, You must then (1) make minimal repairs necessary to avoid the emergency until authorization for more extensive repairs has been approved by Your Builder/Seller, (2) take any action reasonably necessary to limit additional damage, and (3) report the emergency to the Builder/Seller and 2-10 HBW on the next business day.

Except for authorized emergency repairs, do not repair or attempt to repair a claimed Defect or Major Structural Defect before the Builder/Seller has an opportunity to inspect the Defect or Major Structural Defect. Any attempt to repair a claimed Defect or Major Structural Defect, other than an authorized emergency repair, will make it impossible to assess whether the Defect or Major Structural Defect was covered by this warranty, whether the repair was correct, cost-effective, necessary, and effective, or whether the problem could be resolved in another way. Unless an emergency Defect or Major Structural Defect repair is authorized, the Builder/Seller and or the 2-10 HBW Warranty Insurer will have no responsibility to reimburse any costs due to repair, replacement, and expenses, including engineering and attorney’s fees.

SECTION IV. REPORTING A WARRANTY CLAIM.
A. WORKMANSHIP AND SYSTEMS DEFECTS.
If You believe Your Home has a Defect that is covered under Your Builder/Seller’s Workmanship or Systems Warranty and that occurred during the applicable term of the warranties, You must take the steps described in this Section IV. C and D.

B. STRUCTURAL DEFECTS.
If You believe Your Home has a Major Structural Defect that is covered under Your Builder/Seller’s Structural Warranty, You must take the steps described in Section IV.D.2. Notice of Major Structural Defect must be made by the Homeowner, except for Multi-Family Buildings, notice for each affected building must be made by the Homeowners’ association or its designated representative, along with a copy of the Certificate of Participation for each Home in the building.
C. NOTICE TO YOUR BUILDER/SELLER.

1. Workmanship and Systems Defect(s) must be reported to the Builder/Seller as soon as possible but no later than 7 days after the expiration of the applicable term of the warranty. Send written notification to Your Builder/Seller listing completely the specific Defect(s) and the date the Defect(s) occurred. **The Defect will not be covered under this warranty if the Notice is received more than 7 days after the expiration of the warranty term.** These time limits are a material condition of this warranty. It is recommended (but not required) that Your letter be sent certified mail, return receipt requested so You have a record of when Your letter was sent and received. If You are unable to contact the Builder/Seller or if for any reason You believe the Builder/Seller is not fulfilling its warranty obligations, then You should immediately notify 2-10 HBW as described below. If You are unable to contact the Builder/Seller or make the Builder/Seller fulfill its obligations, 2-10 HBW may advise You to file a claim.

**Note:** Pursuant to N.J.A.C. 5:25-5.5 (B) 3i, except in the case of claims which relate to structural problems or emergencies, a notice of claim shall not be submitted to the WARRANTY ADMINISTRATOR until the expiration of 120 days from the effective date of warranty.

D. NOTICE TO 2-10 HBW.

1. **Workmanship and Systems Defects Must be Reported to 2-10 HBW as Soon as Possible But No Later Than 7 Days After the Expiration of the Applicable Term of the Warranty.**

   **NOTIFICATION TO THE BUILDER/SELLER DOES NOT CONSTITUTE NOTICE TO 2-10 HBW FOR PROTECTING OR EXTENDING YOUR WARRANTY CLAIM RIGHTS.** If covered repairs for the Workmanship or Systems Defects are not completed by Your Builder/Seller within thirty (30) days of the date You sent Your notice to the Builder/Seller or before the expiration of the warranty term (whichever date comes earlier), You must complete the following three steps:
   a. Complete the appropriate Request For Arbitration Claim Form HBW 205 (“Notice”), which is found at the back of this warranty booklet.
   b. Send one copy of the Notice to Your Builder/Seller.
   c. Send one copy of the Notice to 2-10 HBW, and include:
      1. A copy of Your Certificate of Participation; and
      2. A copy of all correspondence with Your Builder/Seller regarding the Defect(s) in question to:

         2-10 Home Buyers Warranty
         Warranty Administration Department
         10375 East Harvard Avenue, Suite 100
         Denver, CO 80231
         Phone: 855.429.2109

   We recommended (but do not require) that You send this notice by certified mail, return receipt requested, so You have a record of when the notice was sent and received.

   If the Defect involves a Common Element in a Multi-Family Building the Homeowner Association (when it exists) must file Notice of Claim Form 204. The Notice of Claim Form must list each affected Home in the building and a copy of each Homeowner’s Certificate of Participation must be included with the Notice of Claim Form sent to 2-10 HBW. The Common Element Defects must be reported during the applicable warranty term, which commenced on the Common Element Effective Date of Warranty. If the Builder/Seller retains control of more than fifty percent (50%) voting interest in the Homeowner Association (“Association”) or no Association exists, a Common Element claim may be made by ten percent (10%) of the Homeowner interests in the Association.

   **WARRANTY COVERAGE FOR ANY NOTICE RECEIVED MORE THAN SEVEN (7) DAYS AFTER EXPIRATION OF THE WARRANTY TERM WILL BE DENIED AND THE BUILDER/SELLER AND WARRANTY INSURER WILL HAVE NO OBLIGATION FOR THE REPAIR OF THE SPECIFIC DEFECT.**

   **WHAT 2-10 HBW WILL DO.** Once 2-10 HBW has received Your Request For Arbitration Claim Form, we will send the Claim to the arbitration service unless the Builder/Seller has agreed to resolve all of the alleged Workmanship and Systems Defects, in a written Agreement (“Agreement”) for repair, replacement, payment, or a combination thereof, which must include a reasonable time frame that is acceptable to the Homeowner for resolution of all repairs. 2-10 HBW will transmit the Agreement to the Homeowner and inform the Homeowner that the Agreement is to be treated as an Arbitration Award. As such, the Agreement is subject to a Compliance Arbitration.

   If Your Builder/Seller did not submit an Agreement, then You and Your Builder/Seller must arbitrate Your dispute under the arbitration agreement set forth in this booklet.

   If 2-10 HBW determines that Your Builder/Seller cannot or will not participate in arbitration, or Your Builder/Seller refused to pay
or perform an arbitration award in Your favor, 2-10 HBW will notify You of that fact. 2-10 HBW will then forward Your file to the Warranty Insurer, and within fifteen (15) days of the receipt of the claim, the Warranty Insurer will adjust the claim.

2. **Major Structural Defect(s)** must be reported to 2-10 HBW as soon as possible but no later than seven (7) days after the expiration of the applicable term of the Warranty. This means that You must complete the following two steps:
   a. Complete the appropriate Notice of Claim Form HBW 204 ("Claim"), which is found at the back of this warranty booklet.
   b. Send one copy of the Notice to 2-10 HBW, and include:
      1. A copy of Your Certificate of Participation; and
      2. A copy of all correspondence with Your Builder/Seller regarding the Major Structural Defect(s) in question to:
         2-10 Home Buyers Warranty
         Warranty Administration Department
         10375 East Harvard Avenue, Suite 100
         Denver, CO 80231
         Phone: 855.429.2109

   We recommend (but do not require) that You send this notice by certified mail, return receipt requested, so You have a record of when the notice was sent and received.

   **WARRANTY COVERAGE FOR ANY CLAIM RECEIVED MORE THAN SEVEN (7) DAYS AFTER EXPIRATION OF THE WARRANTY WILL BE DENIED AND THE BUILDER/SELLER AND WARRANTY INSURER WILL HAVE NO OBLIGATION FOR THE REPAIR OF THE SPECIFIC MAJOR STRUCTURAL DEFECT.**

   The Warranty Insurer will inspect Your claimed Major Structural Defect within thirty (30) days after receiving Your Notice of Claim Form 204. You agree to make Yourself and the Home available for inspection between 9:00 a.m. and 6:00 p.m. Monday through Friday, or any other mutually agreeable time. If the Warranty Insurer finds that the Major Structural Defect is responsible for the problem, subject to the Warranty Limit, the Warranty Insurer will replace, repair or pay to correct those defects and all associated damages at the Warranty Insurer’s expense less a one-time only $250.00 deductible per Home which must be paid by You to the Warranty Insurer when the Warranty Insurer accepts the structural claim. If the Warranty Insurer denies the claim because there is no qualifying Major Structural Defect, You may arbitrate the Warranty Insurer’s decision as provided in Section VI.

   If the Major Structural Defect involves a Common Element in a Multi-Family Building the Homeowner Association (when it exists) must file on Notice of Claim Form 204 with 2-10 HBW. The Notice of Claim Form must list each affected Home in the building, include a copy of each Homeowner’s Certificate of Participation and all correspondence between the Homeowner Association (“Association”) and the Builder/Seller. The Common Element Major Structural Defects must be reported during the applicable warranty term, which for all Common Elements commenced on the Common Element Effective Date of Warranty. If the claim is accepted, the maximum deductible is $250.00 per Home in the building, or $5000 per building, whichever is less. If the Builder/Seller retains control of more than fifty percent (50%) voting interest in the Association or no Association exists, a Common Element claim may be made by ten percent (10%) of the Homeowner who have interests in the Association.

   **Homes With FHA/VA Financing Only** – If You are the original owner and Your Home has original FHA/VA financing still in effect, the $250 fee will be collected after the claim is accepted and the amount of the loss is determined.

   **WHAT 2-10 HBW WILL DO.** Upon receipt of the items identified in this section D.2, 2-10 HBW will forward Your file to the Warranty Insurer, and within thirty (30) days after receipt of the Notice the Warranty Insurer will inspect and adjust the claim.

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**SECTION V. THE EFFECT OF THIS WARRANTY ON YOUR LEGAL RIGHTS.**

You have accepted this express limited warranty provided in this warranty booklet. All other express or implied warranties, including oral or written statements or representations made by Your Builder/Seller or any implied warranty of habitability, merchantability or fitness, are disclaimed by Your Builder/Seller and waived by You to the extent possible under the laws of Your state.

**PURSUANT TO THE NEW JERSEY NEW HOME WARRANTY AND BUILDERS REGISTRATION ACT ONCE YOU SEND A NOTICE OF CLAIM OR A REQUEST FOR ARBITRATION CLAIM FORM TO 2-10 HBW, YOU HAVE ELECTED THE WARRANTY AND ARBITRATION AS YOUR SOLE REMEDY, BARRING YOU FROM ANY OTHER REMEDY. WHEN YOU FILE A NOTICE OF CLAIM OR A REQUEST FOR ARBITRATION CLAIM FORM, YOU WILL RELINQUISH YOUR RIGHT TO FILE IN ANY COURT A COMPLAINT, COUNTER-CLAIM, CROSS CLAIM OR THIRD PARTY COMPLAINT THAT ALLEGES MATTERS COVERED BY THIS WARRANTY IN PARTICULAR OR UNWORKMANLIKE CONSTRUCTION IN GENERAL. ALL DISPUTES RELATED TO SUCH DEFECT OR MAJOR STRUCTURAL DEFECT SHALL BE RESOLVED BY BINDING ARBITRATION AS PROVIDED IN SECTION VI, BELOW.**
SECTION VI. ARBITRATION OF DISPUTES.*  
To expedite the resolution of any and all claims, disputes and controversies by or between the Homeowner, the Builder/Seller, 2-10 HBW, as administrator, the Warranty Insurer or any combination of the foregoing, arising from or related to this Warranty, claims or repairs covered by the Warranty, the Warranty Insurance Policy or the 2-10 HBW Program, will be settled by binding arbitration. Agreeing to arbitration means You are waiving Your right to a jury trial, trial to the court, class action or consolidation. IF THE APPLICABLE WARRANTY TERMS HAS EXPIRED THEN THE DEMAND FOR ARBITRATION MUST BE MADE NO LATER THAN THIRTY (30) DAYS AFTER THE OCCURRENCE OF THE ISSUE BEING ARBITRATED, SUCH AS BUT NOT LIMITED TO, THE BUILDER/SELLER’S FAILURE TO RESOLVE A CLAIM BY THE DEADLINE, OR THE WARRANTY INSURER’S DENIAL OF A CLAIM, OR COMPLETION OF REPAIRS ALLEGED TO BE NON-COMPLIANT WITH THE ARBITRATION AWARD.

Matters subject to binding arbitration include, but are not limited to, the following:
1. Whether the alleged claim is covered by the warranty;
2. Whether the claim or consequential damage has been corrected in a manner covered by the Warranty;
3. Settlement offers or Agreements;
4. Whether there has been a failure to respond to any written notice;
5. The issues that can be submitted to binding arbitration; and
6. The timeliness of binding arbitration requests

Any party shall be entitled to recover reasonable attorney’s fees and costs incurred in enforcing this arbitration agreement. The decision of the arbitrator shall be final and binding and may be entered as a judgment in any State or Federal court of competent jurisdiction.

A. SELECTING AN ARBITRATION SERVICE.
The arbitration will be conducted by the New Jersey Office of Dispute Settlement, or by any mutually agreeable arbitration services, pursuant to the applicable rules in effect at the time of the arbitration. The arbitration hearing will be held at the residence. No arbitration proceeding shall involve more than one single-family detached dwelling or more than one Multi-Family Building. The arbitrator will render an award within twenty (20) days from the date of the hearing in accordance with the substantive law of the state. The decision of the arbitrator will be final and binding and may be entered as a judgment in any State or Federal court of competent jurisdiction. Notwithstanding the foregoing, the decision of the arbitrator is reviewable only under such circumstances and to such extent as is available pursuant to the New Jersey Arbitration Act.

B. DISPUTES CONCERNING THE APPLICATION OF THIS ARBITRATION AGREEMENT.
The parties expressly agree that this arbitration agreement involves and concerns interstate commerce and except as provided herein, interpretation of this arbitration agreement shall be governed by the Federal Arbitration Act (9 U.S.C. § 1, et seq.) (“FAA”), to the exclusion of any different or inconsistent state or local law, ordinance or judicial rule. This arbitration agreement is a self-executing arbitration agreement. Any disputes concerning the interpretation or enforceability of this arbitration agreement, including without limitation, its revocability or voidability for any cause, the scope of arbitrable issues, and any defense based upon waiver, estoppel or laches, shall be decided by the arbitrator.

C. COST OF ARBITRATION.
The Builder/Seller is obligated to pay all arbitration fees for any arbitration requested by the Homeowner.

D. ARBITRATION AWARD.
If the arbitrator upholds the Homeowner’s claim, the Builder/Seller will perform in accordance with the arbitration award. The arbitrator may make an award that is reasonable and fair based on the parties’ requests. An arbitration award should conform to the following:
1. The award should state the Homeowner’s claimed defect in the Homeowner’s language;
2. The award should state the condition as observed, measured and assessed by the arbitrator including any necessary explanation that clarifies the nature of the alleged defect if the Homeowner’s language is not specific;
3. The award should state in narrative the arbitrator’s findings and provide a reference to the applicable warranty coverage and standard, and the application of that standard to the claimed defect;
4. Arbitration awards and other guidance provided by the arbitrator should make it clear that submissions for building
permits to effect repairs will require (when called for by the arbitrator, the code official and/or the nature of repair) the preparation of design drawings by licensed design professionals. Those drawings are not subject to review or approval by the Homeowner.

5. All arbitration awards will include a time frame for completion of the repairs. This is referred to as the “compliance period”.

E. COMPLIANCE ARBITRATION.

Upon expiration of the compliance period, and if a party remains dissatisfied after the awarded repairs have been completed, the party(ies) may request a compliance arbitration conducted by the New Jersey Office of Dispute Settlement, or a mutually agreeable service. The requesting party will be charged the cost of the compliance arbitration fee. If the Homeowner is the requesting party, he/she will be reimbursed the cost by the Builder/Seller if the arbitrator finds in whole or in any part in favor of the Homeowner. The compliance arbitration shall determine one of the following for each of the items awarded:

1. The repair has been made in compliance with the arbitration award and the claim is closed; or
2. The repair has been made, but the compliance period will be extended to ensure that the defect does not reoccur (in the case of defects regarding heating and/or air conditioning, window leaks, roof leaks and basement water problems, the monitoring period may include the next full applicable season); or
3. The repair has not been made in compliance with the arbitration award and the Builder/Seller has made a reasonable, good faith effort to effect the repair, and will be granted an extension of specified length to the compliance period; or
4. The repair has not been made in compliance with the arbitration award and the Builder/Seller is in default; or
5. The Homeowner has been uncooperative and has thwarted the Builder/Seller’s efforts to comply, and the parties have agreed to an extension of time; or
6. The Homeowner has been uncooperative and has thwarted the Builder/Seller’s efforts to comply, and the claim is closed.

*Homes With FHA/VA Financing Only — Any and all disputes between the Homeowner(s) and Builder/Seller arising from or relating to the Warranty may be submitted to judicial resolution. If You are the original owner and Your Home has original FHA/VA financing still in effect, in lieu of any right to have a claim resolved in a judicial proceeding, You may, at Your election, submit to arbitration all claims, disputes and controversies by or between You, the Builder/Seller, the Warranty Insurer and/or 2-10 HBW, arising from or related to the warranty

SECTION VII. YOUR RESPONSIBILITIES UNDER THIS EXPRESS LIMITED WARRANTY.
You are responsible for proper maintenance of Your Home including maintaining Builder/Seller-set grades around the Home, planting trees and shrubs at the proper distance from the Home, and conforming to generally accepted landscape practices for Your region. Your Builder/Seller is not responsible for problems that arise if You do not meet these responsibilities. Also, all new Homes go through a period of settlement and movement, and Your Home may experience some minor material shrinkage, cracking and other events which are normal and customary. Examples include small cracks in drywall and paint; and separation where dissimilar materials meet each other — for example, where moldings meet sheetrock, or where tile grout meets a sink. In most cases, paint and caulking is all that is necessary to conceal these types of blemishes that result from the natural expansion and contraction of construction material. Because these events are normal and customary, they are not a Defect or Major Structural Defect that are covered by this express limited warranty.

SECTION VIII. EXCLUSIONS.
This Warranty does not provide coverage for any of the following items which are specifically excluded.

A. Any portion of a covered Home which is not completed by the Effective Date of Warranty; except that, after completion by the Builder/Seller, such portions will be covered until the end of the warranty term. Builder/Seller’s failure to complete construction of such portions may constitute the basis for denial, supervision, or revocation of registration pursuant to N.J.A.C. 5:25-2.5. Any item for the completion of which funds are being held in escrow will be deemed to be incomplete rather than a defect. If such item exhibits a defect after the release of the escrowed funds, the item will be included in the Warranty. In all cases, the warranty term will be deemed to have commenced on the Effective Date of Warranty for the Home.

B. Defects or Major Structural Defects in outbuilding (except those out-buildings which contain the plumbing, electrical, heating, or cooling systems serving the Home are covered), swimming pools and other recreational facilities, driveways, walkways, unattached patios, boundary walls, retaining walls which are not necessary for the Home’s structural stability, fences, landscaping (including sodding, seeding, shrubs, trees and plantings), off-site improvements, or any other improvements not a part of the Home itself.

C. Bodily injury, damages to personal property, or damage to real property which is not part of the Home.

D. Any defect or damage which is caused or made worse by any of the following causes, whether acting alone or in sequence or concurrent with any other cause or causes whatsoever, including any covered defect or damage or covered cause of any defect or damage:
   i. Negligent or improper maintenance or improper operation by anyone other than the Builder/Seller or his employees, agents
or subcontractors; or

ii. Failure of anyone other than the Builder/Seller or his employees, agents or subcontractors to comply with the warranty requirement of manufacturers of appliances, equipment or fixtures; or

iii. Failure to give notice to the Builder/Seller and 2-10 HBW of any defect within the time frame as stated in this Warranty; or

iv. Changes of the grading of the ground by anyone other than the Builder/Seller, or his employees, agents or subcontractors; or

v. Failure to take timely action in emergency cases to minimize any loss or damage.

E. Any defect in, or caused by, materials or work supplied by anyone other than the Builder/Seller, or his employees, agents or subcontractors. The Builder/Seller shall, however, be responsible for any defects in or damage to any materials or work not installed by the Builder/Seller when the defect or damage is the direct consequence of defects in materials or work installed by the Builder/Seller, which is not in accordance with accepted industry standards.

F. Normal wear and tear or normal deterioration in accordance with normal industry standards.

G. Accidental loss or damage from acts of nature such as, but not limited to, fire, explosion, smoke, water escape, changes which are not reasonably foreseeable in the level of the underground water table, glass breakage, windstorm, hail, lightning, falling trees, aircraft, vehicles, flood and earthquake. However, soil movement which causes a qualifying Major Structural Defect is not excluded, unless the movement was due to flood or earthquake.

H. Insect damage.

I. Any loss or damage which arises while the Home is being used primarily for non-residential purposes.

J. Changes, alterations, or additions made to the Home by anyone after initial occupancy, except those performed by the Builder/Seller as his obligation under this program.

K. Any defect caused to a finished surface material or any work supplied by anyone other than the Builder/Seller, or his employees, agents, or sub-contractors, in that it is determined the installer has accepted the Builder/Seller’s surface to apply the finish material.

L. Any materials and/or workmanship furnished and installed by the Builder/Seller that does not comply with the specifications in a sales agreement or contract which is not defective.

M. CONSEQUENTIAL DAMAGES TO PERSONAL PROPERTY ARE EXCLUDED; CONSEQUENTIAL DAMAGES TO REAL PROPERTY AS A RESULT OF A DEFECT OR REPAIR OF A DEFECT ARE COVERED.

N. Failure to complete construction is excluded from the Warranty coverage.

O. The following are excluded as Major Structural Defects:

i. Changes by the owner to the established grade lines affecting basement and foundation walls;

ii. Movement caused by flood or earthquake;

iii. Actual or resultant damage caused by lightning, tornado, unnatural high winds or hurricanes;

iv. Damage caused by additions or alterations to the Home;

v. Improper loading over the design criteria for which that portion of the house was intended;

vi. Resultant structural damage due to fire;

vii. Changes in the water level which is caused by new development in the immediate area or can be directly traced to an act of nature; and

viii. Water seepage in basement or crawlspace after the first year of coverage.

P. Damage to land and other real property that was not part of Your Home, or any property that was not included in the purchase price stated on the Certificate of Participation.

Other exclusions are included in the Construction Performance Standards found in this Warranty booklet in order to define better those standards and are identified by “Exclusion”.

*Homes With FHA/VA Financing Only – If You are the original owner and Your Home has original FHA/VA financing still in effect, “Diminished market value of the Your Home” is deleted

SECTION IX. MANUFACTURERS AND OTHER SIMILAR WARRANTIES.

Your warranty does not apply to any manufactured item such as appliances, fixtures, equipment (except as specifically defined in the Construction Performance Standards) or any other item which is covered by a manufacturer’s warranty, nor does it cover Defect in any systems that are caused by failure of any such manufactured item.

Defects in appliances, fixtures and equipment only if such defects are covered under a manufacturer’s warranty. No warranty for appliances, fixtures or equipment shall exceed the length and scope of the warranty offered by the manufacturer.
SECTION X. CONSTRUCTION PERFORMANCE STANDARDS.

The following Construction Performance Standards apply only to the One Year Workmanship and Two Year Systems Warranty.

The Construction Performance Standards are standards that Your Builder/Seller’s construction should meet. Noncompliance with these construction guidelines calls for corrective action by Your Builder/Seller. Builder/Seller will try to its best ability to match and replace with Your original choice of colors and materials, except where You custom-ordered the items. Builder/Seller cannot be responsible for discontinued items, changes in dye lots, colors or patterns, or items ordered outside of the original construction, or normal wear and deterioration.

Pursuant to N.J.A.C. 5:25-3.5 (a) 1, to the extent that detailed minimum performance standards for construction have not been enumerated in these Construction Performance Standards, Builders shall construct Homes in accordance with good industry practice which assures quality of materials and workmanship. Likewise, the validity of any Homeowner’s claims for defects for which a standard has not been enumerated here shall be determined on the basis of good industry practice which assures quality of materials and workmanship, and any dispute settlement procedures and arbitration of such claims shall be conducted accordingly.

The following Construction Performance Standards are expressed in terms of required standards that the Builder’s construction must meet. Noncompliance with these construction standards calls for corrective action by the Builder.

All defects or deficiencies described in the following Construction Performances Standards are for the First Year Workmanship Warranty except for those items for which two years of coverage is specifically provided.
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<th>BUILDER/SELLER RESPONSIBILITY</th>
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</thead>
<tbody>
<tr>
<td>Cracking of attached garage floor slab.</td>
<td>Cracks in concrete garage floor greater than 1/4-inch in width or 1/4-inch in vertical displacement are deficiencies.</td>
<td>Builder/Seller shall repair excessive cracks in the slab by filling, chipping out and surface patching, or other suitable methods as may be required.</td>
<td>Builder/Seller is not responsible for cracking or deterioration caused by the storage of unusually heavy equipment or placement of excessive loads that exceed the weight of a typical automobile or light truck, or by other factors beyond the Builder/Seller’s control.</td>
</tr>
<tr>
<td>Cracks in concrete slab-on-grade floors, with finish flooring.</td>
<td>Cracks that rupture or significantly impair the appearance or performance of the finish flooring material are deficiencies.</td>
<td>Determine the cause for the cracking, and correct (remove and replace if required). Repair cracks as required so as not to be apparent when the finish flooring material is in place. Repair or replace finish flooring. (See Finishes).</td>
<td></td>
</tr>
<tr>
<td>Uneven concrete floor slabs.</td>
<td>Except for basement floors or where a floor or a portion of floor has been designed for specific drainage purposes, concrete floors in rooms finished for habitability by Builder/Seller shall not have pits, depressions or area or unevenness exceeding 1/4-inch in 32-inches or slopes in excess of 1/240 or room width or length (i.e. 10 ft wide room is not to exceed 1/2-inch out of level).</td>
<td>Determine cause and repair/replace to meet the Construction Performance Guidelines. Where applicable, surface patching is an accepted method of repair. Reinstall or replace any finishing material as necessary.</td>
<td></td>
</tr>
<tr>
<td>Pitting, scaling, or spalling of concrete work.</td>
<td>Concrete surfaces that disintegrate to the extent that aggregate is exposed and loosened under normal conditions of use are deficiencies.</td>
<td>Builder/Seller shall take whatever corrective action is necessary to repair or replace defective concrete surfaces.</td>
<td>Builder/Seller is not responsible for deterioration caused by salt, chemicals, mechanical implements, or other factors beyond the Builder/Seller’s control.</td>
</tr>
<tr>
<td>Excessive powdering or chalking of interior concrete surfaces.</td>
<td>Excessive powdering or chalking of interior concrete surfaces is a deficiency, but should not be confused with normal surface dust that may accumulate for a short period after Home is occupied.</td>
<td>Take corrective action necessary to treat, repair or resurface defective areas.</td>
<td></td>
</tr>
<tr>
<td>Separation of brick or masonry edging from concrete slab or step.</td>
<td>It is common for the joint to crack between concrete and masonry due to the dissimilarity of the materials. Cracks in excess of 1/4-inch are a deficiency.</td>
<td>Grout crack fully and reset loose masonry where required. Replacement of masonry material, if required, shall match the existing as closely as possible.</td>
<td></td>
</tr>
</tbody>
</table>

### 2.2 Construction and Control Joints

Separation or movement of concrete slabs within the structure at construction and control joints.

NONE. NO COVERAGE.

NONE.

Concrete slabs within the structure are designed to move at construction and control joints and are not deficiencies. You are responsible for maintenance of joint material.

---

### 3. Masonry

#### 3.1 Unit Masonry (Brick, Block and Stone)

Cracks in non-bearing or non-supporting walls.

Small shrinkage cracks running through masonry and mortar joints are not unusual. Cracks in excess of 1/4-inch in width are deficiencies.

Repair non-structural shrinkage cracks in excess of 1/4-inch by pointing or patching. Repairs shall be made near the end of the first Warranty period.
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<tr>
<td>DEFICIENCY</td>
</tr>
<tr>
<td>Cracks in bearing or supporting masonry walls.</td>
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<tr>
<td>Horizontal cracks in basement and foundation walls.</td>
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<tr>
<td>Cracks in masonry walls or veneer above grade.</td>
</tr>
<tr>
<td>Cracking, settling, or heaving of stoops and steps.</td>
</tr>
<tr>
<td>Standing water on stoops, steps, porches and attached concrete patios.</td>
</tr>
</tbody>
</table>

### 3.2 Stucco and Cement Plaster

| DEFICIENCY                                      | CONSTRUCTION PERFORMANCE STANDARDS | BUILDER/SELLER RESPONSIBILITY | EXCLUSION |
| Cracking or spalling of stucco and cement plaster. | Hairline cracks in stucco or cement plaster are common especially if applied directly to masonry back-up. Cracks greater than 1/8 inch in width or spalling of the finish surfaces are deficiencies. | Scrape out cracks and spalled areas. Fill with cement plaster or stucco to match finish and color as close as possible. | Builder/Seller is not responsible for failure to match color or texture, due to nature of material. |
| Separation of coating from base on exterior stucco wall. | The coating shall not separate from the base on an exterior stucco wall. | Builder/Seller shall repair areas where the coating has separated from the base. |  |

### 4. Carpentry and Framing

#### 4.1 Plywood and Joists

| DEFICIENCY                                      | CONSTRUCTION PERFORMANCE STANDARDS | BUILDER/SELLER RESPONSIBILITY | EXCLUSION |
| Floors squeak, due to improper installation or loose subfloors. | A large area of floor squeaks which is noticeable, loud and objectionable is a defect. | Builder/Seller will refasten any loose subfloor or take other corrective action to reduce squeaking to the A squeakproof floor cannot be guaranteed. An isolated floor squeak is not a defect. |  |
4.2 Finish Carpentry

Unsatisfactory quality of finished exterior trim and workmanship.

Joints between exterior trim elements and siding or masonry, which are in excess of 3/8-inch, are deficiencies. In all cases, the exterior trim abutting masonry siding shall be capable of performing its function to exclude the elements.

Builder/Seller shall repair or replace dissimilar materials.

Repair open joints and touch up finish coating where required to match existing as closely as possible. Caulk open joints between dissimilar materials.

Unsatisfactory quality of finished interior trim and workmanship.

Joints between moldings and adjacent surfaces that exceed 1/8-inch in width are deficiencies.

Repair defective joints and touch up finish coating where required to match as closely as possible. Caulking is acceptable.

Surface defects in finished woodwork and millwork such as checks, splits, and hammer marks.

Finished woodwork and millwork is to be smooth and without surface marks. Finished surfaces, which fall beyond what is reasonably expected in the industry, are deficiencies.

Correct repairable defects; sanding filing, or putting is acceptable to return the surface to its original conditions. Replace materials not repairable, refinish and restore to match surrounding surfaces as closely as possible.

Exposed nail heads in woodwork.

Material used to fill nail holes has a tendency to shrink and dry up after a period of time and is not

Fill nail holes where required and if necessary, touch up paint, stain, or varnish to match as closely as
ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>considered a deficiency. Nail holes, which have not been filled on finished painted woodwork, are deficiencies.</td>
<td>possible.</td>
<td></td>
<td>Leaks caused by landscaping improperly installed by You or failure by You to maintain proper grades are excluded from Limited Warranty coverage. Dampness in basement and foundation walls or in concrete basement and crawl space floors is often common to new construction and is not a deficiency.</td>
</tr>
</tbody>
</table>

5. Thermal and Moisture Protection

5.1 Waterproofing

Leaks in basement or in foundation/crawl space.

Leaks resulting in actual trickling of water through the walls or seeping through the floor are deficiencies.

Take such action as is necessary to correct basement and crawl space leaks, except where the cause is determined to be the result of Your negligence. Where a sump pit has been installed by Builder/Seller in the affected area but the sump pump was not contracted for or installed by Builder/Seller, no action is required until a properly sized pump is installed by You in an attempt to correct the condition. Should the condition continue to exist, then Builder/Seller shall take necessary action to correct the problem.

Leaks caused by landscaping improperly installed by You or failure by You to maintain proper grades are excluded from Limited Warranty coverage. Dampness in basement and foundation walls or in concrete basement and crawl space floors is often common to new construction and is not a deficiency.

5.2 Insulation

Insufficient insulation.

Insulation that is not installed around all habitable areas in accordance with established local industry standards is a deficiency.

Builder/Seller shall install insulation of sufficient thickness and characteristics to meet the local industry standards. In the case of dispute, cost for investigating the sufficiency of insulation and restoring areas to prior condition is to be borne by You if it is found that the standard has been met by Builder/Seller.

Insulation that is not installed around all habitable areas in accordance with established local industry standards is a deficiency. Builder/Seller shall install insulation of sufficient thickness and characteristics to meet the local industry standards. In the case of dispute, cost for investigating the sufficiency of insulation and restoring areas to prior condition is to be borne by You if it is found that the standard has been met by Builder/Seller.

Sound transmission between rooms, floor levels, adjoining condominium units in a building, or from the street into Home.

NONE. NO COVERAGE.

NONE. NO COVERAGE.

NO COVERAGE is provided for soundproofing.

5.3 Ventilation and Moisture Control

Inadequate ventilation or moisture control in attics and crawl spaces.

Attics and crawl spaces which are not properly ventilated causing moisture to accumulate resulting in damage to supporting members or insulation is a deficiency.

Builder/Seller shall investigate to determine cause, and make necessary repairs. Corrective action may include the installation of properly sized louvers, vents, vapor barrier, or other locally approved method of moisture control.

Temporary conditions may cause condensation in crawl spaces that can not be eliminated by ventilation and/or vapor barrier. Night air may cool foundation walls and provide a cool surface on which moisture may condense. In Homes that are left unheated in the winter, the underside of floors may provide a cold surface on which warmer crawl space air may condense. These and other similar conditions are beyond the Builder/Seller’s control. Maintaining adequate heat and seasonal adjustment of vents is Your responsibility.

Leaks due to snow or driven rain through vents or louvers.

Improperly installed vents and louvers that permit penetration of the elements under normal conditions are deficiencies.

Builder/Seller shall repair or replace the roof vents as necessary to meet the Construction Performance Guidelines.

Properly installed vents and louvers may allow infiltration of rain and snow under strong wind conditions and are not deficiencies.

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### Items Covered under the 1-Year Workmanship Coverage

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<th>Construction Performance Standards</th>
<th>Builder/Seller Responsibility</th>
<th>Exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bath or kitchen exhaust fans improperly vented into attic.</td>
<td>Bath or kitchen exhaust fans that are vented into attics causing moisture to accumulate resulting in damage to supporting members or insulation, are deficiencies.</td>
<td>Builder/Seller shall vent exhaust fans to the outside to correct deficiencies.</td>
<td></td>
</tr>
</tbody>
</table>

#### 5.4 Sealants

- **Water or air leaks in exterior walls due to inadequate caulking.**
  - Joints and cracks in exterior wall surfaces and around openings that are not properly caulked to exclude the entry of water or excessive drafts are a deficiency.
  - Repair and/or caulk joints in exterior wall surfaces as required to correct deficiency one time only during the first 2 years of Limited Warranty coverage.
  - You must maintain caulking once the condition is corrected.

#### 5.5 Exterior Siding

- **Delamination, splitting or deterioration of exterior siding.**
  - Exterior siding with joint separations or which delaminates, splits or deteriorates is a deficiency.
  - Repair/replace only the damaged siding. Siding to match the original as closely as possible, however, You should be aware that the new finish may not exactly match the original surface texture or color.
  - Delaminated siding due to Your actions or neglect, such as delamination caused by sprinkler system repeatedly wetting siding, is not a deficiency.

- **Loose or fallen siding.**
  - All siding that is not installed properly, so as to come loose or fall off, is a deficiency.
  - Reinstall or replace siding and make it secure.
  - Loose or fallen siding due to Your actions or neglect, such as leaning heavy objects against siding, impact, or sprinkler systems repeatedly wetting siding, is not a deficiency.

- **Damaged siding or broken shingles.**
  - Damaged siding or broken shingles is a deficiency if documented on a pre-closing walk-through inspection form. If a pre-closing walk-through inspection is performed, the deficiency shall be reported on such report. If no walk-through report exists, the deficiency shall be reported within 30 days of occupancy.
  - The Builder/Seller shall replace or repair damaged siding if noted on a pre-closing walk-through inspection form. If the Builder/Seller does not perform a pre-closing walk-through inspection, then the Builder/Seller will be responsible for the deficiency if reported by the Homeowner.
  - Bowed siding due to Your actions or neglect, such as bowing caused by sprinkler system repeatedly wetting siding, is not a deficiency.

- **Siding is bowed.**
  - Bows exceeding 1/2-inch in 32-inches are deficiencies.
  - Builder/Seller will repair bowed siding to meet standard. If replacement of siding is required, Builder/Seller will match original material as closely as possible. You should be aware that the new finish may not exactly match the original surface texture or color.
  - Bowed siding due to Your actions or neglect, such as bowing caused by sprinkler system repeatedly wetting siding, is not a deficiency.

- **Nails have stained siding.**
  - Nail stains exceeding 1/2-inch in length and visible from a distance of 20-feet are deficiencies.
  - Builder/Seller shall correct by either removing stains, painting, or staining the affected area. Builder/Seller shall match color and finish as closely as possible. Where paint or stain touch up affects the majority of the wall surface, the whole area shall be refinished.
  - “Natural weathering” or semitransparent stains are excluded from coverage.

#### 5.6 Roofing

- **Roof or flashing leaks.**
  - Roof or flashing leaks that occur under normal weather conditions are deficiencies.
  - Correct any roof or flashing leaks that are verified to have occurred under normal weather conditions.
  - Where cause of leaks is determined to result from severe weather conditions such as ice and snow build-up, high winds and driven rains, such leaks are not deficiencies.

- **Lifted, curled or torn roof.**
  - Roof shingles which lift or curl during the first year of Warranty
  - Builder/Seller will replace or repair lifted, curled or torn shingles.
  - Accidental loss or damage from acts of nature such as, but not
### 6. Doors and Windows

#### 6.1 Doors: Interior and Exterior

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<tr>
<td>Warpage of interior or exterior doors.</td>
<td>Interior and exterior doors that warp so as to prevent normal closing and fit are deficiencies. The maximum allowable warpage of an interior door is 1/4-inch when measured from top to bottom vertically or diagonally.</td>
<td>Repair or replace as may be required. New doors to be refinished to match the original as closely as possible.</td>
<td>Wood doors may stick during occasional periods of high humidity.</td>
</tr>
<tr>
<td>Door binds against jamb or head of frame or does not lock.</td>
<td>Passage doors that do not open and close freely without binding against the doorframe are deficiencies. Lock bolt is to fit the keeper to maintain a closed position.</td>
<td>Adjust door and keeper to operate freely.</td>
<td></td>
</tr>
<tr>
<td>Door panels shrink and expose bare wood.</td>
<td>NONE.</td>
<td>NONE.</td>
<td>Door panels will shrink due to the nature of the material, exposing bare wood at the edges and are not deficiencies.</td>
</tr>
<tr>
<td>Door panels split.</td>
<td>Door panels that have split to allow light to be visible through the door are deficiencies.</td>
<td>If light is visible, fill crack and finish panel to match as closely as possible. Correct one time only during first year of Limited Warranty coverage. If panel cannot be repaired to hide cracks, the panel or door itself shall be replaced and finished to match original.</td>
<td></td>
</tr>
<tr>
<td>Bottom of doors drag on carpet surface.</td>
<td>Where it is understood by Builder/Seller and You that carpet is planned to be installed as floor finish by Builder/Seller, the bottom of the doors which rub or disturb the carpet are deficiencies.</td>
<td>Undercut doors as required.</td>
<td>Where carpet is selected by You having excessive high pile, You are responsible for any additional door undercutting.</td>
</tr>
<tr>
<td>Excessive opening at the bottom of interior doors.</td>
<td>Passage doors from room to room that have openings between the bottom of the door and the floor finish material in excess of 1 and 1/2-inches are deficiencies. Closet doors having an opening in excess of 2-inches are deficiencies.</td>
<td>Make necessary adjustment or replace door to meet the required tolerance.</td>
<td></td>
</tr>
</tbody>
</table>
### 6.2 Garage Doors (Attached Garage)

<table>
<thead>
<tr>
<th>DEFICIENCY</th>
<th>CONSTRUCTION PERFORMANCE STANDARDS</th>
<th>BUILDER/SELLER RESPONSIBILITY</th>
<th>EXCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garage door fails to operate or fit properly.</td>
<td>Garage doors that do not operate and fit the door opening within the manufacturer’s installation tolerances are deficiencies. Some entrance of the elements can be expected under heavy weather conditions and is not considered a deficiency.</td>
<td>Make necessary adjustments to meet the manufacturer’s installation tolerances. Adjust sash balances one time only during the first year of Limited Warranty coverage. Where possible, Builder/Seller will instruct You on the method of adjustment for future repair.</td>
<td>No adjustment is required when cause is determined to result from anyone but Builder/Seller’s or Builder Seller’s subcontractors’ installation of an electric door opener.</td>
</tr>
</tbody>
</table>

### 6.3 Wood, Plastic and Metal Windows Interior and Exterior

<table>
<thead>
<tr>
<th>DEFICIENCY</th>
<th>CONSTRUCTION PERFORMANCE STANDARDS</th>
<th>BUILDER/SELLER RESPONSIBILITY</th>
<th>EXCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malfunction of windows.</td>
<td>Windows which do not operate in conformance with manufacturer’s design standards are deficiencies.</td>
<td>Consult with manufacturer when necessary and make necessary adjustments for windows to operate and meet the standard.</td>
<td></td>
</tr>
<tr>
<td>Double hung windows do not stay in place when open.</td>
<td>Double hung windows are permitted to move within a 2-inch tolerance, up or down when put in an open position. Any excessive movement exceeding the tolerance is a deficiency.</td>
<td>Adjust sash balances one time only during the first year of Limited Warranty coverage. Where possible, Builder/Seller will instruct You on the method of adjustment for future repair.</td>
<td>Window glass and frames will collect condensation on the frame and glass surface when humidity and temperature differences are present. Condensation is usually the result of temperature/humidity conditions in the Home.</td>
</tr>
<tr>
<td>Condensation or frost on window frames and glass.</td>
<td>NONE.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 6.4 Hardware

<table>
<thead>
<tr>
<th>DEFICIENCY</th>
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<th>BUILDER/SELLER RESPONSIBILITY</th>
<th>EXCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardware does not operate properly, fails to lock or perform its intended purpose.</td>
<td>All hardware installed on doors and windows which does not operate properly are deficiencies.</td>
<td>As required, Builder/Seller will adjust, repair, or replace hardware that are not damaged by abuse.</td>
<td></td>
</tr>
</tbody>
</table>

### 6.5 Storm Doors, Windows and Screens

<table>
<thead>
<tr>
<th>DEFICIENCY</th>
<th>CONSTRUCTION PERFORMANCE STANDARDS</th>
<th>BUILDER/SELLER RESPONSIBILITY</th>
<th>EXCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storm doors, windows and screens do not operate or fit properly.</td>
<td>Storm doors, windows and screens, when installed, which do not operate or fit properly to provide the protection for which they are intended, are considered deficiencies.</td>
<td>Builder/Seller shall make necessary adjustments for proper fit and operation. Replace when adjustment cannot be made.</td>
<td></td>
</tr>
<tr>
<td>Screen panels do not fit properly. Screen mesh is torn or damaged.</td>
<td>Rips or gouges in the screen mesh reported on a pre-closing walk-through inspection report or openings between the screen panel and frame are deficiencies. You shall be responsible to notify Builder/ Seller within 30 days from the warranty date or the date on which the screens are furnished if there was no pre-closing walk-through inspection.</td>
<td>The Builder/Seller shall repair or replace rips and gouges in the screen mesh if reported on the pre-closing walk-through inspection. The screen panels shall be adjusted to fit properly in frame one time only during the first year of warranty. If there is no pre-closing walk-through inspection, the Builder/Seller is responsible to repair deficiency when reported by You.</td>
<td></td>
</tr>
</tbody>
</table>

### 6.6 Weatherstripping and Seals

<table>
<thead>
<tr>
<th>DEFICIENCY</th>
<th>CONSTRUCTION PERFORMANCE STANDARDS</th>
<th>BUILDER/SELLER RESPONSIBILITY</th>
<th>EXCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drafts around doors and windows.</td>
<td>Weatherstripping is required on all doors leading to the outside from a habitable area. Some infiltration is normally noticeable around doors and windows, especially during</td>
<td>Builder/Seller shall adjust or correct poorly fitted windows or doors or poorly fitted weatherstripping.</td>
<td>In high wind areas, You may need to have storm windows and doors installed to eliminate drafts.</td>
</tr>
</tbody>
</table>

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**ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE**

### CONSTRUCTION PERFORMANCE STANDARDS
- **DEFICIENCY**
- **BUILDER/SELLER RESPONSIBILITY**
- **EXCLUSION**

<table>
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<tr>
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</thead>
<tbody>
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<tr>
<td>6.3</td>
<td>Wood, Plastic and Metal Windows Interior and Exterior</td>
</tr>
<tr>
<td>6.4</td>
<td>Hardware</td>
</tr>
<tr>
<td>6.5</td>
<td>Storm Doors, Windows and Screens</td>
</tr>
<tr>
<td>6.6</td>
<td>Weatherstripping and Seals</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE</th>
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<tbody>
<tr>
<td>DEFICIENCY</td>
</tr>
<tr>
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<tr>
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</tr>
<tr>
<td>EXCLUSION</td>
</tr>
<tr>
<td>high winds. Excessive infiltration resulting from openings in poorly fitted weatherstripping is a deficiency.</td>
</tr>
<tr>
<td>6.7 Glass and Glazing</td>
</tr>
<tr>
<td>Broken glass.</td>
</tr>
<tr>
<td>Broken glass is a deficiency if it is reported on a pre-closing walk-through inspection report.</td>
</tr>
<tr>
<td>The Builder/Seller shall replace if reported on a pre-closing walk-through inspection report. If no report exists, the Builder/Seller shall replace if deficiency is reported by You.</td>
</tr>
<tr>
<td>Clouding and condensation on inside surfaces of insulated glass.</td>
</tr>
<tr>
<td>Insulated glass that clouds up or has condensation on the inside surfaces of the glass is a deficiency.</td>
</tr>
<tr>
<td>Builder/Seller shall replace glass in accordance with window and glass manufacturer’s requirements.</td>
</tr>
<tr>
<td>Glass breakage is excluded.</td>
</tr>
<tr>
<td>7. Finishes</td>
</tr>
<tr>
<td>7.1 Lath and Plaster</td>
</tr>
<tr>
<td>Hairline cracks are not unusual. Cracks in plaster wall and ceiling surfaces exceeding 1/16-inch in width are deficiencies.</td>
</tr>
<tr>
<td>Builder/Seller shall repair cracks that are greater than 1/16-inch in width and touch up paint to match as closely as possible, one time only. Such conditions should be reported near the end of the first year of Limited Warranty coverage to allow for normal movement in Home.</td>
</tr>
<tr>
<td>7.2 Drywall</td>
</tr>
<tr>
<td>Hairline cracks are not unusual. Cracks in interior gypsum board or other drywall materials exceeding 1/16-inch in width are deficiencies.</td>
</tr>
<tr>
<td>Builder/Seller shall repair cracks that are greater than 1/16-inch in width and touch up paint to match as closely as possible, one time only. Such conditions should be reported near the end of the first year of Limited Warranty coverage to allow for normal movement in Home.</td>
</tr>
<tr>
<td>Nail pops, blisters, or other blemish is visible on finished wall or ceiling.</td>
</tr>
<tr>
<td>Slight defects such as occasional nail pops, seam lines and cracks are common to gypsum wallboard installation. Blisters in tape, cracks over door and window frames and over archways, excess compound in joints, trowel marks, nail popping, and exposed corner beads are deficiencies. Nail pops are a defect only when there are signs of spackle compound cracking or falling away.</td>
</tr>
<tr>
<td>Builder/Seller will repair such defects to acceptable tolerances, and touch up paint to match as closely as possible, one time only. Such conditions should be reported near the end of the first year of Limited Warranty coverage to allow for normal settlement of the Home.</td>
</tr>
<tr>
<td>Depressions or slight mounds at nail heads are not considered deficiencies. Builder/Seller is not responsible for nail pops or blisters that are not visible, such as those covered by wallpaper.</td>
</tr>
<tr>
<td>Cracked corner bead, excess joint compound, trowel marks, or blisters in tape joints.</td>
</tr>
<tr>
<td>Cracked or exposed corner bead, trowel marks, excess joint compound, or blisters in drywall tape, are deficiencies.</td>
</tr>
<tr>
<td>Builder/Seller will repair to meet Construction Performance Guidelines, and touch up paint to match as closely as possible, one time only. Such conditions should be reported near the end of the first year of Limited Warranty coverage to allow for normal settlement of the Home.</td>
</tr>
<tr>
<td>7.3 Hard Surfaces</td>
</tr>
<tr>
<td>Ceramic tile, flagstone, or similar hard surfaced sanitary flooring that cracks or becomes loose is a deficiency. Subfloor and wallboard</td>
</tr>
<tr>
<td>Builder/Seller shall determine and correct the cause for the cracking or loosening of the finish materials. Replace cracked tiles, marble, or</td>
</tr>
<tr>
<td>Cracking and loosening of flooring caused by Your negligence is not a deficiency. Builder/Seller is not responsible for color and pattern</td>
</tr>
<tr>
<td>ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td><strong>DEFICIENCY</strong></td>
</tr>
<tr>
<td>Cracks appear in grouting of ceramic tile joints or at junctions with other material such as a bathtub, shower, or countertop.</td>
</tr>
<tr>
<td>Cracks in grouting of ceramic tile joints in excess of 1/16-inch are deficiencies. Regrouting of these cracks is Your maintenance responsibility after the Builder/Seller has regrounded once.</td>
</tr>
</tbody>
</table>

### 7.4 Resilient Flooring

Nail pops appear on the surface of resilient flooring.  
Readily apparent nail pops are deficiencies.  
Builder/Seller shall correct nail pops that have caused damage to the floor material and repair or replace damaged floor covering in the affected area. Builder/Seller is not responsible for discontinued patterns or color variations.

Depressions or ridges appear in the resilient flooring due to subfloor irregularities.  
Readily apparent depressions or ridges exceeding 1/8-inch are a deficiency. The ridge or depression measurement is taken as the gap created at one end of a 6-inch straight edge placed over the depression or ridge with 3-inches on one side of the deficiency held tightly to the floor.  
Builder/Seller shall take required action to bring the deficiency within acceptable tolerances so as to be not readily visible. Builder/Seller is not responsible for discontinued patterns or color variations in the floor covering. Your neglect or abuse, nor installations performed by others.

Resilient flooring or base loses adhesion.  
Resilient flooring or base that lifts, bubbles, or becomes unglued is a deficiency.  
Builder/Seller shall repair or replace resilient flooring or base as required. Builder/Seller is not responsible for discontinued patterns or color variations.

Seams or shrinkage gaps show at resilient flooring joints.  
Gaps in excess of 1/8-inch in width in resilient floor covering joints are deficiencies. Where dissimilar materials abut, a gap in excess of 3/16-inch is a deficiency.  
Builder/Seller shall repair or replace the resilient flooring to meet the Construction Performance Guidelines. Builder/Seller is not responsible for discontinued patterns or color variations of floor covering.

### 7.5 Plywood Wall Covering

Variations in paneling color, scratches or checks on the finished surface.  
Plywood paneling pattern and color will often vary and this is not a deficiency. Scratches on the paneling surface are deficiencies if reported on a pre-closing walk-through inspection report.  
Builder/Seller shall repair or replace damaged paneling when the deficiency has been reported on the pre-closing walk-through inspection report. Builder/Seller is not responsible for discontinued panel or color variations. If no pre-closing walk-through was done, Builder/Seller is responsible to repair damage if notified by You. If damaged paneling cannot be replaced with new paneling to Your satisfaction, the deficiency may be repaired within reasonable standard of good materials and workmanship. You shall notify the Builder/Seller within 30 days of the warranty start date if no pre-closing walk-through inspection report exists.
### 7.6 Finished Wood Flooring

<table>
<thead>
<tr>
<th>Deficiency</th>
<th>Construction Performance Standards</th>
<th>Builder/Seller Responsibility</th>
<th>Exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cupping, open joints, or separations in wood flooring.</td>
<td>Open joints or separations between floorboards of finished wood flooring shall not exceed 1/8-inch in width. Cups in strip floorboards shall not exceed 1/16-inch in height in a 3-inch maximum distance when measured perpendicular to the length of the board.</td>
<td>Builder/Seller shall determine the cause and if the result of a deficiency in workmanship or material, correct one time only. For repairable deficiencies, repair cracks by filling and refinishing to match the wood surface as closely as possible. For non-repairable deficiencies, replace and finish affected area to match remaining flooring as closely as possible.</td>
<td>Wood floors are subject to shrinkage and swell due to seasonal variations in the humidity level of Home. While boards may be installed tight together, gaps or separations may appear during heating seasons or periods of low humidity. Gaps or separations that close during non-heating seasons are not considered deficiencies. You should be familiar with the recommended care and maintenance requirements of their wood floor. Repeated wetting and drying, or wet mopping may damage wood finishes. Dimples or scratches can be caused by moving furniture or dropping heavy objects, and certain high heel style shoes may cause indentations. These conditions are not covered by the Limited Warranty.</td>
</tr>
</tbody>
</table>

Dents, chips, knot pops, open joints or cracks in wood flooring. **Dents and chips are deficiencies if reported on a pre-closing walk-through inspection report.**

<table>
<thead>
<tr>
<th>Deficiency</th>
<th>Construction Performance Standards</th>
<th>Builder/Seller Responsibility</th>
<th>Exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dents, chips, knot pops, open joints or cracks in the finished wood flooring which exceed the manufacturer’s quality standards of the wood flooring grade are considered deficiencies.</td>
<td>Builder/Seller shall determine the cause for deficiencies and correct. Dents and chips are to be corrected if reported on a pre-closing walk-through inspection report. If the inspection was not conducted, the Builder/Seller shall correct if notified by You. For repairable deficiencies, repair cracks, chips, or dents by filling and refinishing to match the wood surface as closely as possible. For non-repairable deficiencies, replace and finish affected area to match remaining flooring as closely as possible. You shall report such deficiencies to Builder/Seller within 30 days of the warranty start date if there was no pre-closing walk-through inspection.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 7.7 Painting

<table>
<thead>
<tr>
<th>Deficiency</th>
<th>Construction Performance Standards</th>
<th>Builder/Seller Responsibility</th>
<th>Exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knot and wood stains appear through paint on exterior.</td>
<td>Excessive knot and wood stains that bleed through the paint are considered deficiencies.</td>
<td>Builder/Seller shall seal affected areas where excessive bleeding of knots and stains appear, one time only during the first Warranty Term. Builder/Seller will touch-up paint to match as closely as possible.</td>
<td>Fading, however, is normal and subject to the orientation of painted surfaces to the climactic conditions which may prevail in the area. Fading is not a deficiency.</td>
</tr>
</tbody>
</table>

Exterior paint or stain peels or deteriorates.

<table>
<thead>
<tr>
<th>Deficiency</th>
<th>Construction Performance Standards</th>
<th>Builder/Seller Responsibility</th>
<th>Exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exterior paints or stains that peel or deteriorate during the first year of ownership are deficiencies.</td>
<td>Builder/Seller shall properly prepare and refinish affected areas, matching color as closely as possible. Where finish repairs affect the majority of the surface areas, the whole area should be refinished. The Limited Warranty on the newly repainted surfaces will not extend beyond the original Warranty Term.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Painting required as corollary repair because of other work.

<table>
<thead>
<tr>
<th>Deficiency</th>
<th>Construction Performance Standards</th>
<th>Builder/Seller Responsibility</th>
<th>Exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Necessary repair of a painted surface under this Limited Warranty is to be refinished to match surrounding areas as closely as possible.</td>
<td>Builder/Seller shall refinish repaired areas to meet the standard as required.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

<table>
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<tr>
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<th>BUILDER/SELLER RESPONSIBILITY</th>
<th>EXCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mildew or fungus forms on painted or factory finished surfaces.</td>
<td>NONE. NO COVERAGE.</td>
<td>NONE.</td>
<td>Mildew or fungus that forms on a painted or factory finished surface when the surface is subject to various exposures (e.g.: ocean, lake, riverfront, heavily wooded areas or mountains) is not a deficiency.</td>
</tr>
<tr>
<td>Deterioration of varnish or lacquer finishes.</td>
<td>Natural finish on interior woodwork that deteriorates during the first year of Limited Warranty coverage is a deficiency.</td>
<td>Builder/Seller shall refinish affected areas of natural finished interior woodwork, matching the color as closely as possible.</td>
<td>Varnish-type finishes used on exterior surfaces will deteriorate rapidly and are not covered by the Limited Warranty.</td>
</tr>
<tr>
<td>Interior paint coverage.</td>
<td>Interior paint not applied in a manner sufficient to visually cover wall, ceiling and trim surfaces is a deficiency.</td>
<td>Builder/Seller shall repaint wall, ceiling or trim surfaces where inadequate paint has been applied. Where the majority of the wall or ceiling surface is affected the entire area will be painted from breakline to breakline. Builder/Seller is not required to repaint an entire room unless all walls and ceiling have been affected.</td>
<td>Minor paint splatter and smears on impervious surfaces that can be easily removed by normal cleaning methods are considered deficiencies.</td>
</tr>
<tr>
<td>Paint splatters and smears on finish surfaces.</td>
<td>Paint splatters on walls, woodwork, or other surfaces which are excessive, that detract from the finish, and which cannot be removed by normal cleaning methods, are considered deficiencies.</td>
<td>Builder/Seller shall remove paint splatters without affecting the finish of the material, or replace the damaged surface if paint cannot be removed if reported on a pre-closing walk-through inspection report. If no such inspection was done, Builder/Seller shall correct if notified by You. You shall notify the Builder/Seller within 30 days of the warranty start date if a pre-closing walk-through inspection report was not completed.</td>
<td></td>
</tr>
</tbody>
</table>

### 7.8 Wall Covering

- **Peeling of wall covering installed by Builder/Seller.**
  - Peeling of wall covering is a deficiency, unless it is due to Your abuse or negligence.
  - Builder/Seller shall repair or replace defective wall covering.
  - Wallpaper applied in high moisture areas is exempt from this Guideline because the problem results from conditions beyond the builder’s control.

- **Pattern in wall covering is mismatched at the edges.**
  - Mismatching wall covering pattern over a large area that severely detracts from its intended purpose due to poor workmanship is a deficiency.
  - Builder/Seller shall remove mismatched wall covering and replace.
  - Defects in the wall covering patterns are the manufacturer’s responsibility, and excluded from Limited Warranty coverage.

- **Lumps and ridges and nail pops in wallboard that appear after the Homeowner has wall covering installed by others.**
  - NONE. NO COVERAGE.
  - YOU shall insure that the surface to receive wall covering is suitable and assumes full responsibility should lumps, ridges, and nail pops occur at a later date.

### 7.9 Carpeting

- **Carpet does not meet at the seams.**
  - Seams in carpeting that separate due to improper installation is a deficiency.
  - Builder/Seller shall correct to eliminate visible gap or overlapping at the seam.
  - Carpet material is not covered under the Warranty.

- **Color variations in carpet.**
  - NONE. NO COVERAGE.
  - Colors may vary by dye lot, and from one end to another in the same roll. Side to side shading may show at most if not all seams, even where the same.
Items Covered Under the 1-Year Workmanship Coverage

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Carpeting comes loose or excessive stretching occurs.</td>
<td>Wall to wall carpeting that comes loose is a deficiency.</td>
<td>Builder/Seller shall re-secure loose carpeting one time during the first year of warranty coverage.</td>
<td>Stretching that may occur in the carpeting is subject to the quality and surface over which it is laid and is not a deficiency.</td>
</tr>
<tr>
<td>Spots on carpet; minor fading.</td>
<td>Spots or stains on carpeting are a deficiency if reported on a pre-closing walk-through inspection report.</td>
<td>Builder/Seller shall remove spots and stains on a one-time basis if reported on a pre-closing walk-through inspection report and replace when excessive spots and stains cannot be removed. If no pre-closing inspection report exists, Builder/Seller shall correct when notified by You.</td>
<td></td>
</tr>
</tbody>
</table>

8. Specialties

8.1 Fireplaces

Fireplace or chimney does not draw properly causing smoke to enter home.

A properly designed and constructed fireplace or chimney shall function correctly. High winds can cause temporary negative or down drafts. Negative drafts can also be caused by obstructions such as tree branches too close to the chimney. In addition, the geographic location of the fireplace or its relationship to adjoining walls and roof may cause negative draft conditions. In some cases, it may be necessary to open a window slightly to create an effective draft. Since negative draft conditions could be temporary, it is necessary for You to substantiate the problems to the Builder/Seller by constructing a fire so the condition can be observed.

When determined the malfunction is based upon improper construction of the fireplace, the Builder/Seller shall take the necessary steps to correct the problem.

When it is determined that the fireplace is properly designed and constructed, but still malfunctions due to natural causes beyond Builder/Seller’s control, Builder/Seller is not responsible.

Chimney separation from structure to which it is attached.

Newly built fireplaces will often incur slight amounts of separation. Separation that exceeds 1/2-inch from the main structure in any 10-foot vertical measurement is a deficiency.

Builder/Seller shall determine cause and correct. Caulking or grouting is acceptable unless the cause of the separation is due to structural failure of the chimney foundation. In that case, caulking is unacceptable.

Cracks in masonry hearth or facing.

Small hairline cracks in mortar joints resulting from shrinkage are not unusual. Heat and flames from normal fires can cause cracking.

NONE.

Heat and flames from normal fires can cause cracking of firebrick and mortar joints. This should be expected, and is not covered by the Limited Warranty.

8.2 Built-in Sauna and Steam Bath Units

Refer to the pertinent section of these Standards for deficiencies that may exist in construction, materials, finish and equipment of a steam bath.

Built-in equipment such as sauna and steam bath units are to be constructed and must operate properly under the same conditions of a manufacturer’s warranty.

Builder/Seller shall make all necessary repairs or replacements including equipment covered under a manufacturer’s warranty.
### 9. Cabinets and Vanities

#### 9.1 Kitchen Cabinets and Vanities

<table>
<thead>
<tr>
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<th>BUILDER/SELLER RESPONSIBILITY</th>
<th>EXCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kitchen and vanity cabinet doors and drawers malfunction.</td>
<td>Cabinet doors, drawers and other operating parts that do not function as designed are deficiencies if reported on a pre-closing walk-through inspection report.</td>
<td>Builder/Seller shall adjust or replace doors and drawers as necessary to meet Construction Performance Guidelines. If no pre-closing report exists, Builder/Seller shall correct when notified by You within 30 days of the warranty start date.</td>
<td></td>
</tr>
<tr>
<td>Warping of kitchen and vanity cabinet doors and drawer fronts.</td>
<td>Warpage that exceeds 1/4-inch as measured from the face of the cabinet frame to the furthest point of warpage on the drawer or door front in a closed position is a deficiency.</td>
<td>Builder/Seller shall correct or replace door or drawer front as required.</td>
<td></td>
</tr>
<tr>
<td>Gaps between cabinets, ceiling and walls.</td>
<td>Countertops, splash boards, base and wall cabinets are to be securely mounted. Gaps in excess of 1/4-inch between wall and ceiling surfaces are a deficiency.</td>
<td>Builder/Seller shall make necessary adjustment of cabinets and countertop or close gap by means of moulding suitable to match the cabinet or countertop finish, or as closely as possible; or other acceptable means.</td>
<td></td>
</tr>
</tbody>
</table>

#### 9.2 Countertops

<table>
<thead>
<tr>
<th>DEFICIENCY</th>
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<tbody>
<tr>
<td>Surface cracks and delaminations in high pressure laminates of vanity and kitchen cabinet countertops.</td>
<td>Countertops fabricated with high pressure laminate coverings that delaminate or have surface cracks, chips or scratches or joints exceeding 1/16-inch between sheets are considered deficiencies if reported on a pre-closing walk-through inspection report.</td>
<td>Builder/Seller shall repair or replace laminated surface covering having cracks, chips or scratches or joints exceeding the allowable width if reported on the pre-closing inspection report. If no pre-closing report exists, Builder/Seller shall correct when notified by You within 30 days of the warranty start date.</td>
<td></td>
</tr>
</tbody>
</table>

### 10. Mechanical

#### 10.1 Plumbing

<table>
<thead>
<tr>
<th>DEFICIENCY</th>
<th>CONSTRUCTION PERFORMANCE STANDARDS</th>
<th>BUILDER/SELLER RESPONSIBILITY</th>
<th>EXCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faucet or valve leak.</td>
<td>A valve or faucet leak due to material or workmanship is a deficiency and is covered only during the first year of the Warranty.</td>
<td>Builder/Seller shall repair or replace the leaking faucet or valve.</td>
<td>Leakage caused by worn or defective washers or seals are Your maintenance item.</td>
</tr>
<tr>
<td>Defective plumbing fixtures, appliances or trim fittings.</td>
<td>Fixtures, appliances, or fittings shall comply with their manufacturer’s standards as to use and operation.</td>
<td>Builder/Seller shall replace or repair any fixture or fitting which is outside of acceptable standards as defined by the manufacturer.</td>
<td>Defective plumbing fixtures, appliances, and trim fittings are covered under their manufacturer’s warranty.</td>
</tr>
<tr>
<td>Chipped or damaged plumbing fixtures and appliances.</td>
<td>Chips, cracks or other such damage to plumbing fixtures and appliances are deficiencies if they are included in a pre-closing walk-through inspection report.</td>
<td>Builder/Seller shall repair any chips or cracks if included in the pre-closing inspection report. If repair cannot be made, the fixture or appliance is to be replaced to match the original.</td>
<td></td>
</tr>
</tbody>
</table>
## 10.2 Water Supply

<table>
<thead>
<tr>
<th>DEFICIENCY</th>
<th>CONSTRUCTION PERFORMANCE STANDARDS</th>
<th>BUILDER/SELLER RESPONSIBILITY</th>
<th>EXCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staining of plumbing fixtures due to high iron, manganese, or other mineral content in water.</td>
<td>NONE. NO COVERAGE.</td>
<td>NONE. High iron and manganese content in the water supply system will cause staining of plumbing fixtures.</td>
<td>Maintenance and treatment of the water is Your responsibility.</td>
</tr>
<tr>
<td>Noisy water pipes.</td>
<td>Some noise can be expected from the water pipe system, due to the flow of water. However, the supply pipes should not make the pounding noise called “water hammer”. “Water hammer” is a deficiency covered only during the first year of the Warranty.</td>
<td>Builder/Seller shall correct to eliminate “water hammer.”</td>
<td>Noises due to water flow and pipe expansion are not considered deficiencies.</td>
</tr>
</tbody>
</table>

## 10.3 Heating and Air Conditioning

### Inadequate heat.

A heating system shall be capable of producing an inside temperature of at least 70-degrees Fahrenheit as measured in the center of the room at a height of five feet above the floor under local outdoor winter design conditions as specified in the latest New Jersey U.C.C. Enery Subcode and ASHRAE Handbook in effect at the time the Home was constructed. NOTE FOR HEATING: There may be periods when the outdoor temperature falls below the design temperature, thereby lowering the temperature in Home.

Builder/Seller shall correct heating system as required to provide the required temperatures if a deficiency exists. Builder/Seller shall balance damper, register, and make minor adjustments, one time only, during the first year of warranty.

Orientation of Home and location of room will also provide a temperature differential, especially when the heating system is controlled by a single thermostat for one or more floor levels. You are responsible for balancing dampers and registers and for making other necessary minor adjustments.

### Inadequate cooling.

When air conditioning is provided, the cooling system is to be capable of maintaining a temperature of 78-degrees Fahrenheit as measured in the center of each room at height of five feet above the floor, under local outdoor summer design conditions as specified in the latest New Jersey U.C.C. Enery Subcode and ASHRAE Handbook in effect at the time the Home was constructed. NOTE FOR AIR CONDITIONING: The cooling cycle outdoor design temperature established by ASHRAE provides for a maximum of 12 degree temperatures between the outdoor and the indoor temperature. There may be periods when the outdoor temperature rises above the design temperature in the Home.

Correct cooling system to meet the Construction Performance Guidelines during the first year of Limited Warranty coverage.

Orientation of Home and location of room will also provide a temperature differential, especially when the air conditioning system is controlled by a single thermostat for one or more levels. You are responsible for balancing dampers and registers and for making other necessary minor adjustments.

### Ductwork and heating piping not insulated in uninsulated area.

Ductwork and heating pipes that are run in uninsulated crawl spaces, garages or attics are to be insulated. Basements are not “uninsulated areas”, and no insulation is required.

Builder/Seller shall install required insulation.
ITEMS COVERED UNDER THE 1-YEAR WORKMANSHIP COVERAGE

<table>
<thead>
<tr>
<th>DEFICIENCY</th>
<th>CONSTRUCTION PERFORMANCE STANDARDS</th>
<th>BUILDER/SELLER RESPONSIBILITY</th>
<th>EXCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condensate lines clog up.</td>
<td>NONE. NO COVERAGE.</td>
<td>Builder/Seller shall provide clean and unobstructed lines on Effective Date of Warranty.</td>
<td>Condensate lines will clog under normal conditions. You are responsible for continued operation of drain lines.</td>
</tr>
<tr>
<td>Improper mechanical operation of evaporative cooling system.</td>
<td>Equipment that does not function properly at temperature standard set is a deficiency.</td>
<td>Builder/Seller shall correct and adjust so that blower and water system operate as designed during the first year of Limited Warranty coverage.</td>
<td>When metal is heated, it expands, and when cooled, it contracts. The resulting “ticking” or “crackling” sounds generally are to be expected and are not deficiencies.</td>
</tr>
<tr>
<td>Ductwork makes noises.</td>
<td>Noise in ductwork may occur for a brief period when heating or cooling begins to function and is not considered a deficiency. Continued noise in the ductwork during its normal operation is a deficiency.</td>
<td>Builder/Seller shall take necessary steps to eliminate noise in the ductwork.</td>
<td></td>
</tr>
<tr>
<td>Ductwork makes excessively loud noises known as “oil canning”.</td>
<td>The stiffening of the ductwork and the gauge of metal used shall be such that ducts do not “oil can”. The booming noise caused by oil canning is a deficiency.</td>
<td>Builder/Seller shall take the necessary steps to eliminate noise caused by oil canning.</td>
<td></td>
</tr>
</tbody>
</table>

11. Electrical Components

11.1 Switches and Receptacles

Fuses blow, or circuit breakers kick out. | Fuses and circuit breakers that deactivate under normal usage, when reset or replaced are deficiencies during the first year of Limited Warranty coverage. | Builder/Seller shall check all wiring and replace wiring or breaker if it does not perform adequately or is defective. | The electrical junction box on exterior walls may produce a slight air flow whereby the cold air can be drawn through the outlet into a room. This problem is normal in new Home construction. |

Drafts from electrical outlets. | NONE. NO COVERAGE. | NONE. | |

Malfunction of electrical outlets, switches, or fixtures. | All switches, fixtures and outlets which do not operate as intended are considered deficiencies only during the first year of Limited Warranty coverage. | Builder/Seller shall repair or replace defective switches, fixtures and outlets. | |

Light fixture tarnishes. | NONE. NO COVERAGE. | NONE. | Finishes on light fixtures may be covered under their manufacturer’s warranty. |

11.2 Service and Distribution

Ground fault interrupter trips frequently. | Ground fault interrupters are sensitive safety devices installed into the electrical system to provide protection against electrical shock. These devices are sensitive and can be tripped very easily. Ground fault outlets that do not operate as intended are considered deficiencies. | Builder/Seller shall replace the device if defective during the first year of Limited Warranty coverage. | |
### 12. Mechanical Systems

#### 12.1 Septic Tank Systems

Septic systems fail to operate properly.

- **Septic system should be capable of properly handling normal flow of household effluent.** It is, however, possible that due to freezing, soil saturation, changes in the ground water table or excessive use of plumbing or appliances, an overflow can occur. **Periodic pumping of the septic tank is considered Your maintenance, and a normal need for pumping is not a deficiency.**

- **Builder/Seller** shall take corrective action if it is determined that malfunction is due to a deficiency in workmanship, materials, or failure to construct system in accordance with state, county, or local requirements. **Builder/Seller is not responsible for malfunctions or limitations in the operation of the system attributable to design restrictions imposed by state, county, or local governing agencies.** **Builder/Seller is also not responsible for malfunctions which occur or are caused by conditions beyond Builder/Seller’s control, including Your negligence, abuse, freezing, soil saturation, changes in ground water table, or other acts of nature.**

- **You** are responsible for periodic pumping of the septic tank and a normal need for pumping is not a deficiency. The following are considered Your negligence or abuse as exclusion under the Limited Warranty: a.) excessive use of water such as overuse of washing machine and dishwasher, including their simultaneous use; b.) connection of sump pump, roof drains or backwash from water conditioner, to the system; c.) placing of non-biodegradable items in the system; d.) addition of harsh chemicals, greases or cleaning agents, and excessive amounts of bleaches or drain cleaners; e.) use of a food waste disposer not supplied by Builder/Seller; f.) placement of impervious surfaces over the disposal area; g.) allowing vehicles to drive or park over the disposal area; h.) failure to periodically pump out the septic tank when required. **Sewage pumps are excluded under the Limited Warranty.**

<table>
<thead>
<tr>
<th>Items Covered Under the 2-Year Systems Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DEFICIENCY</strong></td>
</tr>
<tr>
<td>Septic system should be capable of properly handling normal flow of household effluent.</td>
</tr>
</tbody>
</table>

#### 12.2 Plumbing

Water in plumbing pipes freezes, and the pipes burst.

- **Drain, waste, vent, and water pipes shall be adequately protected to prevent freezing and bursting during normally anticipated cold weather.**

- **Builder/Seller shall correct conditions not meeting Construction Performance Guidelines.**

- **Burst pipes due to Your neglect and resultant damage are not Builder/Seller’s responsibility. You are responsible for draining exterior faucets, and maintaining suitable temperature in the Home to prevent water in pipes from freezing. During periods when the outdoor temperature falls below the design temperature, You are responsible for draining or otherwise protecting pipes. Homes which are periodically occupied, such as summer homes, or where there will be no occupancy for an extended period of time, must be properly winterized or periodically checked to insure that a reasonable temperature is maintained.**

- **Condensation on piping does not constitute leakage, and is not a deficiency, except where pipe insulation is required.**

Leakage from any piping.

- **Leaks in any waste, vent and water piping are deficiencies.**

- **Builder/Seller shall make necessary repairs to eliminate leakage.**

Sanitary sewers, fixtures, waste or drain lines are clogged.

- **The Builder/Seller is not responsible for sewers, fixtures, or drains that are clogged because of Your actions or negligence. Sanitary sewers, fixtures, waste or drain lines that do not operate or drain properly.**

- **When defective construction is shown to be the cause, Builder/Seller shall make necessary repairs. If Your actions or negligence is the cause, You are responsible for correcting the problem. You are**

- **Builder/Seller is not responsible for sewer lines that extend beyond the property lines on which the Home is constructed.**
due to improper construction are
deficiencies.

liable for the entire cost of any
sewer and drain cleaning service
provided by Builder/Seller where
clogged drains are caused by Your
actions or negligence.

12.3 Water Supply

Water supply system fails to deliver
water; pressure is low.

All service connections to municipal
water main or private water supply
are Builder/Seller’s responsibility
when installed by Builder/Seller.

Builder/Seller shall repair as
required if failure to supply water is
the result of deficiency in workman-
ship or materials.

If conditions exist which disrupt or
eliminate the sources of water sup-
ply that are beyond Builder/Seller’s
control, then Builder/Seller is not
responsible.

Drinking water is not potable.

All water must be free from contam-
ination that would affect its potabil-
ity. Potable water is defined as water
fit for human consumption. In many
cases, well water test will show
contamination that exceeds the
recommended amounts permitted
under applicable Federal and State
standards; however, it still may be
considered potable. In order to
make this determination, the owner
must provide written documenta-
tion from an independent testing
laboratory or a Board of Health
providing such service stating the
water is unfit for human consump-
tion. Water test reports furnished
by a commercial water treatment
company cannot be used to make
such a determination. Water is con-
sidered potable when a Certificate
of Compliance is issued by the local/
county Board of Health. Any recom-
modation for treatment of the
water by the local/county Board of
Health is contractual between You
and Your Builder/Seller and cannot
be considered a deficiency.

Builder/Seller shall supply potable
drinking water.

Water that becomes non-potable
after certification by a source
beyond the control of the Builder/
Seller shall be excluded from cover-
age.

12.4 Heating and Air Conditioning

Refrigerant lines leak.

Builder/Seller-installed refrigerant
lines or ground loop pipes that de-
velop leaks during normal operation
are deficiencies.

Builder/Seller shall repair leaking
lines and recharge the unit as
required.

Leaks due to Your actions or negli-
gence are excluded.

Ductwork separates, becomes unat-
tached.

Ductwork that is not intact or se-
curely fastened is a deficiency.

Builder/Seller shall reattach and re-
secure all separated or unattached
ductwork.

13. Electrical Systems

13.1 Electrical Conductors

Failure of wiring to carry its de-
signed load.

Wiring that is not capable of
carrying the designated load, for
normal residential use to switches,
receptacles, and equipment is a
deficiency.

Builder/Seller shall check wiring and
replace if it fails to carry the design
load.
NOTICE OF CLAIM FORM
FOR STRUCTURAL CLAIMS ONLY

Please read the 2-10 Home Buyers Warranty® Booklet for filing instructions and pertinent information.

Your Name: ____________________________________________________________

Address of Claim:________________________________________________________

Home Phone:________________________________________ Business Phone:____________________

Effective Date of Warranty: ______________________ Certificate of Participation: ______________________

1. Have you reviewed the Structural Coverage section of your Warranty Booklet (What is Covered)?
   ☐ Yes ☐ No

2. Do you believe that you have actual physical damage to one or more of the listed load-bearing portions of your home?
   ☐ Yes ☐ No

3. Have you reviewed the list of non-load-bearing elements which would not qualify as a Structural Defect under this coverage?
   ☐ Yes ☐ No

4. Does the nature of the defect vitally affect the use of your home for residential purposes?
   ☐ Yes ☐ No

Nature of Defect (Be specific; If available, enclose photographs; attach separate sheet if necessary)

Date Defect First Observed: __________________________

This form is to be filled out and sent with a copy of your Certificate of Participation (Form HBW 202 COP NHJ) directly to the 2-10 Home Buyers Warranty Administration Office at the above address.

CHECK ONE (IF APPLICABLE): ☐ FHA ☐ VA ☐ RHS

CASE #: ______________________

If you are the original owner, and your Home is FHA-financed, please provide the following:

Name of Mortgage Company:

Address of Mortgage Company:

Homeowner Signature __________________________________________ Date __________

Homeowner Signature __________________________________________ Date __________
THIS PAGE INTENTIONALLY LEFT BLANK
REQUEST FOR ARBITRATION
CLAIM FORM
FOR WORKMANSHP & SYSTEMS COVERAGE

Please read the Arbitration and Reporting a Claim sections of the 2-10 Home Buyers Warranty® Booklet for filing instructions and pertinent information. This form must be received by 2-10 Home Buyers Warranty no later than seven (7) days after the expiration of the applicable warranty terms or the coverage will be denied. We recommend certified mail, return receipt requested.

Your Name:

Address of Claim: Street

City Zip

Home Phone: Business Phone:

Effective Date of Warranty: Certificate of Participation:

(List of Closing or First Occupancy) [Found on upper right corner of Form HBW 202 COP NHJ]

List the specific construction defects and/or issues to be arbitrated (use extra space if necessary):

Date Defect First Observed: Date First Reported to Builder/Seller:

Attach any copies of relevant correspondence between you and your Builder/Seller involving this matter. Please provide any correspondence that indicates that your Builder/Seller has failed to perform his/her warranty obligations, and a copy of your Certificate of Participation (Form HBW 202 COP NHJ). BY SIGNING BELOW, I/WE ACKNOWLEDGE THAT FILING THIS CLAIM FORM IS AN ELECTION TO PURSUE THE WARRANTY AS A REMEDY.

CHECK ONE (IF APPLICABLE): ☐ FHA ☐ VA ☐ RHS

CASE #:

If you are the original owner, and your Home is FHA-financed, please provide the following:

Name of Mortgage Company:

Address of Mortgage Company:

Homeowner Signature Date

Homeowner Signature Date

HBW_205_NHJ_013013

WARRANTYADMINISTRATION@2-10.COM | FAX: 303.368.0529
For more information about our warranty program, call 855.429.2109 or visit 2-10.com